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FIRM ATTRIBUTES AND AUDIT REPORT TIMELINESS AMONG LISTED CONSUMER GOODS FIRMS IN NIGERIA

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ABSTRACT

The study ascertained the effect of firm attributes on audit report timeliness among listed consumer goods firms in Nigeria. The specific objective was to determine the extent to which firm profitability, firm size and firm leverage affect the timeliness of audit report among listed consumer goods firms in Nigeria. The study used ex-post facto research design. The population of the study was all the twenty-one (21) listed consumer goods firms on the Nigerian Exchange Group from which a sample size of sixteen (16) was obtained using purposive sampling. The study employed secondary data that were extracted from audited financial statements and annual reports of individual consumer goods firms from 2014 to 2023. The hypotheses formulated were tested using panel regression technique at 5% level of significance. The study found that: firm profitability has a significant negative effect on audit report timeliness among listed consumer goods firms in Nigeria (p-value =0.000); firm size has a non-significant negative effect on the timeliness among listed consumer goods firms in Nigeria (p-value = 0.5061); firm leverage has a non-significant negative effect on the timeliness among listed consumer goods firms in Nigeria (p-value = 0.7644). In conclusion, it takes longer time to publish audit reports of consumer goods firms that have higher profits, more debts and more assets. The study recommends that audit committees and financial managers should consider implementing streamlined auditing processes tailored to the specific complexities associated with profitable operations by enhancing communication channels between auditors and internal teams to expedite the review of financial statements and disclosures.

1. INTRODUCTION

The importance of timely audit reports cannot be overstated, as regardless of their credibility and accuracy, their value diminishes if not accessible for users to make informed decisions. This need for timeliness has grown globally, especially with the increase in share sales in the capital market (Jubril, 2018). In Nigeria, the Companies and Allied Matters Act (2020) mandates publicly-listed firms to file their annual reports within 90 days of their accounting year-end. However, some registered firms still struggle to meet this deadline, and the enforcement of regulatory norms for timeliness of audited financial reports remains inadequate. This lack of enforcement may be attributed to the complexities posed by large, highly profitable, and highly leveraged firms, which lengthen the duration of their audits.

The primary objective of audit report timeliness is to ensure that accounting information retains its potential to influence economic decisions of users effectively. When audit reports are made available in a timely manner, the quality and relevance of the audited accounting information are improved. As a result, stakeholders not only seek credible financial reports but also place importance on the prompt issuance of audit reports (Akhalumeh, Izevbekhai & Ohenhen, 2017; Mohammed, Kamardin & Rohami, 2020; Efrizal, Septiari, Dwita & Rahmi, 2021). Over time, the concept of audit timeliness has garnered significant attention in academic research. Timeliness, which is considered one of the four enhancing qualitative features of accounting information, emphasizes that firms should provide accounting information that meets user needs and is promptly prepared and disseminated (Odjaremu & Edirin, 2019). Obviously, efficient completion of firm's audit procedures leads to timely issuance of audit reports. This would enhance the relevance and credibility of financial statements, instilling confidence among stakeholders, including investors, regulatory bodies, and the public (Robu & Robu, 2015). Besides, the timely availability of reliable financial information is crucial for making informed investment decisions and promoting transparency in the capital markets (Salwu & Adedeji, 2017). Audit report timeliness refers to the time gap between the end of the accounting year, the preparation of financial statements, and the issuance of the audit report (Akingunola, Adedapo & Rasaq, 2018). Researchers like Olubunmi, Isenmila, Okuns, and Alade (2020) have pointed out that accounting information becomes more valuable when there is a shorter time between the financial year-end and the date of financial report publication. Furthermore, the role of audit committee characteristics in influencing audit report lag is debated, with studies like Nerantzidis et al. (2023) showing positive links between audit committee diligence and reduced lag, while others, such as Efrizal et al. (2021), found less impact from audit committee size and financial expertise.

These varied results underscore the complexity of factors affecting audit delays and highlight that the effects of profitability, company size, and audit committee characteristics are not universally consistent. The discrepancies in findings may arise from differences in regional regulatory environments, industry characteristics, or methodological approaches. This suggests that while certain trends can be observed, the influence of specific factors on audit delay may be context-dependent and warrant tailored approaches for each sector or region to address and mitigate delays effectively. However, the actual timing of financial report publication depends on the auditor's ability to produce a report on the fairness and accuracy of the financial statements. Existing literature suggests that several firm-specific attributes, such as corporate governance dynamics, industry type, firm size, firm performance, auditor type, ownership structure, firm liquidity, and leverage level, can significantly influence the timeliness or delay of audit reports. Understanding these determinants becomes essential in addressing potential issues related to audit report delay in the context of listed consumer goods firms in Nigeria. Corporate attributes encompass specific features unique to an audited entity (Siyanbola, Siyanbola, Sanyaolu, Ogbebor & Adegbie, 2020). In this study, three attributes - size, leverage, and profitability - are utilized as proxies for the independent variable. The study contends that these corporate attributes influence audit report timeliness since highly leveraged, large, and highly profitable firms usually require longer auditing time to ensure high-quality assurance (Siyanbola et al., 2020). These firms often undergo more extensive and time-consuming auditing procedures compared to companies that are not highly leveraged, profitable, or large (Akhalumeh et al., 2017).

The importance of a shorter audit report delay lies in providing fairer, more credible, and transparent accounting information (Akingunola et al., 2018). Timely audited reports are considered crucial qualitative attributes and serve as mechanisms to reduce insider trading based on corporate accounting information in the capital market (Olubunmi et al., 2020). Thus, audit report timeliness plays a vital role in promoting efficient capital market operations. In contrast, delayed audit reports can impair the usefulness of accounting information (Fodio, Obas, Olukoju & Zik-rullah, 2015), particularly for users seeking to make profitable economic decisions. Consequently, understanding and addressing factors contributing to audit report timeliness becomes imperative to enhance the relevance and effectiveness of accounting information for various stakeholders in the capital market. Audit report delays impair the quality of accounting information of firms as such undermine investor trust, tarnish reputations, and invite regulatory wrath (Kamil, Widyastuti & Ahmar, 2023). Such delays are glaring red flags, signaling potential internal chaos, financial mismanagement, or even looming financial distress. Investors, sensing the instability, may flee, driving down stock prices and eroding market value. Competitors seize the opportunity to cast doubts on the firm's reliability, further eroding stakeholder confidence. Regulatory bodies, intolerant of non-compliance, can impose hefty fines, legal battles, and sanctions, exacerbating the firm's woes. The ripple effects of an audit delay extend far beyond mere numbers, striking at the very heart of a firm's integrity and market standing. Some listed consumer goods firms in Nigeria experience audit report delays, leading to significant time lags in the issuance of audit reports (Appah, Ebimobowei & Tebepah, 2020). These delays can be attributed to various factors, such as internal inefficiencies, complex accounting practices, resource constraints, and external challenges (Asuzu, Ogbodo, Egbunike & Nzeribe, 2020). As a result, financial statements are not promptly available, and stakeholders may face uncertainty and information asymmetry. This affects their ability to assess the financial health and performance of these firms accurately.

The consequences of audit report delay in listed consumer goods firms are multi-fold. First, delayed financial reporting hampers the ability of investors and shareholders to make well-informed decisions, potentially leading to missed investment opportunities or heightened risk exposure (Akeem, Abiodun & Olawumi, 2020). Second, regulatory authorities may face challenges in enforcing compliance and ensuring transparency in the capital markets due to delays in financial disclosures. Third, the credibility of the affected firms may be questioned, leading to a loss of trust among stakeholders and potential reputational damage (Akingunola et al., 2018; Jubril, 2018). Additionally, delayed financial information may hinder effective risk management and strategic planning, impacting the overall competitiveness and growth prospects of consumer goods firms. Previous studies conducted by researchers like Leditho, Kusumastati, and Safiq (2023), Trisnadewi, Trisnawati, and Kartika (2023), Ishak (2023), Hendi and Sitorus (2023), Nerantzidis et al. (2023), Mustapha, Nyor, and Ngutor (2022), Adela and Badera (2022), Handoko, Lindawati, and Thomas (2022), Dianova, Mildawati, and Kurnia (2021), Yulianto (2021), Chalu (2021), Efrizal et al. (2021), Siyanbola et al. (2020), Mohammed et al. (2020), Lai, Tran, Hoang, and Nguyen (2020), Appah et al. (2020), Bahri and Amnia (2020), Ayemere and Afensimi (2020), Mohamad-Nor, Rohami, and Wan-Hussin (2020), and Eze, Nkak, and Enwongo (2020) and others have also explored similar issues in their research. However, empirical evidence from past studies reveals two gaps in the literature: researchers did not consider heterogeneous influences of cross-sectional dependence that affect one firm and may similarly impact others, and existing studies in Nigeria did not use the most current financial year-end data of 2023. These gaps are the focal points of the current study, which aims to fill this knowledge void by focusing on the consumer goods sector from 2014to 2023 within the Nigerian Exchange Group.

1.1 Objectives

The broad objective of this study is to examine the effect of firm attributes on audit report timeliness among listed consumer goods firms in Nigeria. The specific objectives are to:

1. determine the effect of firm profitability on audit report timeliness among listed consumer goods firms in Nigeria.
2. ascertain the effect of firm size on audit report timeliness among listed consumer goods firms in Nigeria
3. examine the extent to which firm leverage affect audit report timeliness among listed consumer goods firms in Nigeria.

1.2 Hypotheses

H_{01}: Firm profitability has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

H_{02}: Firm size has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

H_{03}: Firm leverage has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Audit Report Timeliness

Audit report timeliness refers to the period between the conclusion of the accounting year and the issuance date of the audit report (Lirungan & Harindahyani, 2018). This date is typically determined based on the audited financial statements. Simply put, audit report timeliness represents the time it takes from the end of the accounting year to the auditors' report date (Jubril, 2018). It can be succinctly defined as the timeframe from the conclusion of the firm's financial year to the date of the auditors' report. Audit report delay is sometimes referred to as the opposite of timely financial reporting (Ahmet, Kilis, Burak & İbrahim, 2015). Audit report timeliness observes the desire for transparent, sufficient, accurate, and prompt information, which are essential prerequisites for supporting the economic decisions made by users of financial data. A firm's timeliness in presenting its audit reports to shareholders during the Annual General Meeting after the company's fiscal year-end is indicative of the firm's commitment to timeliness (Azubike & Aggreh, 2014).

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In Nigeria, companies listed on the Nigerian Exchange Group (NGX) are required to submit their audited annual financial reports within 90 days after the end of their fiscal year. This regulatory timeframe is crucial for ensuring that stakeholders, including investors, regulatory bodies, and other market participants, receive timely and accurate financial information. Compliance with this 90-day deadline is essential for maintaining transparency, investor confidence, and adherence to the Nigerian regulatory standards governing financial reporting. Audit report timeliness is a crucial concept in the realm of financial reporting and auditing, signifying the temporal space that exists between the conclusion of the accounting year, the compilation of financial statements, and the eventual issuance of the audit report (Abernathy, 2015). This temporal gap holds significant implications for organizations, auditors, regulators, and stakeholders, as it influences financial transparency, decision-making, and accountability (Lai et al., 2020). The audit process is a complex and structured series of steps that begins with the closure of an organization's accounting year. Following this, the finance and accounting teams embark on the meticulous process of compiling financial statements. This involves gathering financial data, preparing income statements, balance sheets, cash flow statements, and related disclosures. Simultaneously, the organization engages external auditors to review and verify the accuracy and reliability of the financial statements (Prasetyo, Aliyyah, Rusdiyanto, Nartasari, Nugroho, Rahmawati & Rochman, 2021). The speed at which the audit is completed plays a crucial role in determining the publication timeline (Efrizal et al., 2021). Stakeholders, including investors, regulators, and other users of financial information, attach great significance to the audit report. Timely issuance of the audit report enhances the credibility and quality of a firm's financial reporting, while the opposite holds true. Timeliness in delivering audit reports necessitates that auditors release their reports within the prescribed timeframe (Akingunola et al., 2018), if applicable. In Nigeria, where the demand for credible and timely information has surged, audit delay is viewed negatively. It exacerbates the problem of information asymmetry and uncertainty in investment decision-making.

Auditors perform a series of audit procedures, including substantive testing, analytical reviews, risk assessments, and inquiries. They aim to gather sufficient evidence to express an audit opinion on the fairness of the financial statements. Once these audit procedures are completed, auditors issue an audit report, which provides assurance to stakeholders regarding the accuracy and integrity of the financial statements. This report can contain various types of opinions, depending on the findings. Audit report delay is not merely a procedural concern but has far-reaching implications. It affects financial transparency as timely access to financial information is essential for stakeholders to make informed decisions (Yulianto, 2021). Investor confidence is bolstered by timely audit reports, whereas delays can raise concerns about the accuracy and reliability of financial statements. Regulatory authorities often mandate specific timelines for the submission of audited financial statements, making audit report delay a compliance issue (Bahri & Amnia, 2020). Furthermore, for organizations seeking financing, audit report delay timeliness can hinder their ability to secure loans or credit facilities, as lenders often require up-to-date audited financial statements as part of their risk assessment. Internally, management relies on audited financial statements to make critical operational decisions. Delays can impede the organization's ability to respond promptly to changing market conditions and can affect accountability and governance practices. Timely audits contribute to accountability by enabling organizations to identify and rectify financial irregularities promptly. Lai et al. (2020) observed that several factors can contribute to audit report timeliness, including the complexity of financial transactions, the availability of auditors, the organization's internal controls, the audit scope, and regulatory requirements. Organizations and auditors must work collaboratively to streamline the audit process and minimize delays while maintaining audit quality. In conclusion, audit report delay serves as a critical junction in the financial reporting and auditing process, emphasizing the importance of timely, accurate, and transparent financial reporting, impacting stakeholders' confidence, regulatory compliance, and operational decision-making. Organizations and auditors must work diligently to strike a balance between expeditious reporting and rigorous audit procedures, ensuring that financial statements are not just timely but also trustworthy.

Timely presentation of audit reports to interested users is regarded as a crucial qualitative mechanism in capital market. It serves as a fundamental attribute that effectively reduces information asymmetry and minimizes the potential for insider trading concerning corporate financial information, as noted by Olubunmi et al. (2020). This aspect becomes particularly vital for individuals and entities seeking to make informed and profitable economic decisions. Audit report delay entails the time that elapses between the close of a fiscal year and the completion of audit fieldwork (Adela & Badera, 2022). More elaborately, it refers to the time gap between the end of the accounting year, the preparation of financial statements, and the issuance of the audit report (Akhalumeh et al., 2017). Audit report timeliness focuses on the number of days it takes to conclude an external audit of a company's annual report at the conclusion of a financial year (Ogoun, Edoumiekumo & Nkak, 2020). Dibia and Onwuchekwa (2013) originally conceptualized audit report timeliness as the duration between the end of the accounting year, the preparation of financial statements, and the issuance of the audit report. Delayed audit reports, as highlighted by Fodio et al. (2015), are of limited utility, especially to financially literate users. Consequently, the usefulness of accounting information is significantly enhanced when there is a shorter time span between the conclusion of a financial year and the publication of the audit report. Audit report timeliness is operationalised as the duration in days between the client's fiscal year-end and the date when the audited reports are officially signed.

2.1.2 Firm Attributes

Firm attributes refer to the distinct characteristics and qualities that define a company and influence its performance, operations, and strategic decisions (Afensimi, 2015; Nworie, Okafor & John-Akamelu, 2022). These attributes encompass a wide range of factors including the firm's size, structure, industry sector, financial health, market position, and management practices. Additional aspects such as organizational culture, technological capabilities, innovation potential, and human resources also play crucial roles. Collectively, firm attributes shape the company’s competitive advantage, operational efficiency, and ability to adapt to market changes, thereby impacting its overall success and sustainability in the business environment (Ayemere & Afensimi, 2020). The underlying premise of this study asserts that various firm characteristics attributes exert an influence on the time lag associated with audit reports. Factors such as the level of leverage within a company, its size, and its level of profitability play a pivotal role in determining the duration of the auditing process and the expected quality assurance in the audit, as elucidated by Siyanbola et al. (2020). Highly leveraged firms, larger corporations, and those with substantial profitability often necessitate a more extended auditing timeline. The audit procedures deployed in such companies tend to be more time-consuming when compared to entities that do not share these characteristics, as highlighted by Akhalumeh et al. (2017).

2.1.2.1 Firm Profitability

Firm profitability can be defined as the degree to which a firm enhances its efficiency in converting the utilization of its assets into earnings (Kafouros, Chandrashekar, Aliyev & Au, 2022). The ultimate objective of organizations is the maximization of shareholders' wealth, wherein profit maximization plays a crucial role. Firm profitability, in essence, signifies a firm's capacity to generate a satisfactory return on the capital invested. It serves as a metric that assesses an entity's financial well-being within a specific timeframe, quantified in financial terms, taking into account the outcomes of its policies, operations, and activities

(Adela & Badera, 2022). Corporate profitability is a comprehensive indicator of a firm's financial performance during a given period (Ehiedu & Priscilla, 2022). Firm profitability reflects the firm's ability to generate profits beyond the actual utilization of its assets (Dogan, 2013). Moreover, firm profitability serves as a metric for evaluating the extent to which a company has achieved its financial goals during an accounting period (Alkhatiba & Marjib, 2012). This measure is influenced by various factors, some of which are challenging to quantify, encompassing aspects like management quality, organizational structure, and the effectiveness of systems and controls in place. Financial profitability, on the other hand, signifies a company's capability to operate efficiently, generate profits, thrive, and respond to environmental opportunities and threats (Nworie & Mba, 2022). Profitability is assessed by considering how effectively an enterprise utilizes its resources to attain its objectives (Jubril, 2018). In simple terms, firm profitability refers to the extent to which a company accomplishes its financial objectives. This evaluation is conducted through profitability analysis, which involves a comprehensive examination and interpretation of financial statements to thoroughly assess the company's profitability and financial stability (Tulsian, 2014).

Various profitability ratios, including ROA, ROE, and NPM, are utilized to evaluate the profitability of manufacturing firms. In profitability analysis, the most commonly used indicators include Return on Equity (ROE), which assesses the returns generated for the company's owners, Return on Assets (ROA), which gauges the organization's efficiency in utilizing its assets, and Net Profit Margin (NPM), indicating the percentage of total revenue a company can convert into profit. This research employs Return on Equity (ROE) as the measure of firm profitability because it aligns with the primary concern of investors who are keen on the returns on their equity investments. Companies that report a profit for the fiscal year tend to experience shorter audit report delays in comparison to those reporting a loss. High-profit firms are motivated to expedite the audit process, as they are eager to promptly share the positive news of their profitability with stakeholders (Saqer, 2015).

2.1.2.2 Firm Size

Firm size encompasses the total assets employed by a business in its operational activities (Turel, 2010, Iyoha, 2012; Dang & Li, 2015; Nworie & Okafor , 2023). It is quantified by taking the natural logarithm of the firm's overall assets. Additionally, firm size can be gauged by evaluating the scope and diversity of its production capabilities and the extent of services it can presently offer to its clientele (Ishaq & Che-Ahmad, 2016). Assessing a firm's size plays a pivotal role in evaluating its operational effectiveness, primarily due to the concept of economies of scale inherent in the traditional neoclassical perspective of firms (Salem, 2013). In competitive scenarios, larger firms wield a substantial advantage over their smaller counterparts (Ibadin, Izedonmi & Ibadin, 2012). This advantage stems from their heightened competitive prowess and the capability to capitalize on a broader range of business opportunities. Large-sized firms possess the resources required for engaging in high-capital endeavors, allowing them to seize a larger share of the market and optimize their profitability during periods of intense competition (Akingunola et al., 2018).

Firm size serves as a metric for categorizing a company as either large or small. It delineates a company's classification based on either the total assets it possesses or the aggregate sales it generates (Yegon, 2015). Assets, in this context, represent economic resources under the control of an entity, the cost (or fair value) of which can be objectively quantified at the time of acquisition (Gajevsky, 2015). Four fundamental criteria emerge from this definition: (1) the acquisition of an asset through a transaction, (2) the asset's status as an economic resource, (3) the asset's control by the entity, and (4) the objective measurability of its cost (or fair value) at the time of acquisition. Firm size can be gauged through either the natural logarithm of total assets or the natural logarithm of total sales (Gajevsky, 2015). In the context of this research study, the researcher opted for the natural logarithm of total assets. This choice stemmed from the understanding that total assets encompass all resources acquired by the company through past transactions, with the anticipation of yielding potential economic benefits in the future. Consequently, larger companies tend to attract greater attention from external stakeholders, including government entities, investors, creditors, and economic analysts, due to their heightened business activities, in comparison to smaller companies. Thus, firm size may have a positive impact on the time taken to produce audit reports in companies. This correlation is attributed to the capacity of larger firms to engage substantial auditing firms and exert pressure on auditors to expedite the audit process. Larger firms typically have robust internal controls in place, which facilitate auditors' access to the necessary data from these controls. This, in turn, reduces the extent of substantive testing required and minimizes the time needed to conduct the audit (Jubril, 2018). Nevertheless, given the heightened complexity of auditing the financial statements and transactions of large firms, there remains a possibility of audit report delays in firms with larger asset bases.

2.1.2.3 Firm Leverage

Firm leverage refers to how a company funds its operations and purchases assets by using a combination of borrowed money (debt) and owner's investments (equity) (Dianova et al., 2021). Firm leverage, also known as a company's capital structure, represents the mix of debt and equity it uses to finance various activities, such as acquiring assets, supporting future growth, and sustaining day-to-day operations (Lumbantobing & Salim, 2021). Leverage involves combining both debt and equity capital for a company's financial needs. In essence, financial leverage summarizes the different sources through which a company obtains its funds (Alkhatiba & Marjib, 2012). In practical terms, a firm's leverage can be seen as the balance between owners' interests and creditors' claims. Financial leverage reflects the relationship between the company's equity structure and various sources of financing, as well as their combinations (Acosta-Smith, Grill & Lang, 2020). Leverage comprises two primary types of capital: debt capital and equity capital. Each of these capital components has its own advantages and drawbacks, affecting the operational efficiency of the firm, as researchers suggest. Experts believe that there exists an optimal point where the combination of equity and debt capital results in the highest profit at the lowest cost of capital (Pfeifer & Pikhart, 2019). Firm leverage encompasses the financial framework composed of equity, debt, and retained earnings. It quantifies the proportion of debt and equity a firm utilizes to support its growth and operations.

The decision regarding financial leverage plays a pivotal role in an organization, as it is linked to both risk and reward. It determines the company's overall cost of capital and significantly influences its overall risk level. When raising funds for capital investment projects, leverage serves as one of the critical considerations. Companies that make poor leverage decisions may find themselves with an unfavorable mix of debt and equity, resulting in suboptimal capital structures. Highly leveraged companies, those with greater debt than equity, typically necessitate a lengthier auditing period and demand top-tier auditing services from reputable firms. This situation incurs higher monitoring costs, prompting managers of highly leveraged firms to offset these costs by providing more extensive information in their annual reports. The increased disclosure of information in annual reports is anticipated to result in a longer audit time lag due to the heightened volume of work required (Karin, 2021).

2.2 Theoretical Framework

2.2.1 Agency Theory

Agency theory is a prominent framework in the field of corporate governance and finance that provides valuable insights into the relationships and conflicts of interest that exist between various stakeholders within an organization, particularly between principals (shareholders) and agents (management). Originating from the works of economists Michael C. Jensen and William H. Meckling in the late 1970s, agency theory was developed to address the inherent problems of agency relationships in modern corporations (Akingunola et al., 2018). These relationships are characterized by the delegation of decision-making authority by shareholders (the principals) to managers (the agents) who act on their behalf. However, due to differing interests and information asymmetry, conflicts can arise between shareholders and managers (Ogoun et al., 2020). In relation to the present study, the application of agency theory becomes evident. Consumer goods firms are typically characterized by widely dispersed ownership, where shareholders may not directly participate in the day-to-day management of the company. Managers, as agents, are entrusted with the responsibility of running the firm efficiently and maximizing shareholders' wealth (Ogoun, 2020). Audit report delay, in this scenario, can be seen as a potential agency problem. Shareholders rely on timely and accurate financial information to assess management's performance and make informed investment decisions. Delays in the audit process can lead to information asymmetry, where managers possess more information about the firm's financial health than shareholders. This information asymmetry can result in a lack of transparency and accountability, potentially enabling opportunistic behaviors by management (Siyanbola et al., 2020).

Under the agency theory framework, several determinants of audit report timeliness can be explored. The level of debt in the firm's capital structure can affect audit report timeliness. Highly leveraged firms may have more complex financial arrangements that require additional audit scrutiny. Secondly, larger consumer goods firms may have more extensive operations and financial transactions, potentially leading to longer audit processes. Agency theory equally suggests that firm profitability can act as a powerful incentive for management to minimize audit report delay since profitable firms often have a greater need for information transparency, stronger incentives for management to perform well, and a reduced tolerance for audit-related risks. These factors align with the agency theory framework, where the interests of principals (shareholders) and agents (management) are intertwined, ultimately influencing the audit report timeliness dynamics in consumer goods firms in Nigeria. Therefore, agency theory provides a theoretical basis through which one can analyze the determinants of audit report timeliness in consumer goods firms in Nigeria. This is because it highlights the principal-agent relationship and the role of information asymmetry, which are crucial considerations in understanding the factors affecting audit report timeliness in publicly listed companies.

2.3 Empirical Review

Leditho et al. (2023) examined various factors affecting audit delay, including profitability, solvability, multinational company status, and audit fees. The study focused on a population of 70 companies listed on the Indonesia Stock Exchange from 2016 to 2020, all of which had delayed annual report publications. Purposive sampling was employed, resulting in a selection of 30 companies observed over five years, yielding a dataset of 147 data points. The study's findings revealed that profitability had no significant impact on audit delay, solvency had a negative effect on audit delay, multinational company status did not influence audit delay, and audit fees had a negative effect on audit delay.

Trisnadewi et al. (2023) investigated the relationship between profitability and audit delay in manufacturing companies listed on the Indonesia Stock Exchange (IDX). The researchers employed purposive sampling to select a population of 168 manufacturing companies listed on the IDX from 2018 to 2020. Regression analysis, normality, heteroscedasticity, and multicollinearity tests were conducted using SPSS. The study's results indicated that profitability had a significant negative effect on audit delay.

Ishak (2023) explored the determinants of audit report lag within the Indonesian manufacturing sector. This study aimed to expand on recent advancements in understanding the factors influencing audit delay, focusing on company size, profitability, leverage, and the presence of the big 4 public accounting firms. The research utilized multiple regression analysis and purposive sampling, involving 47 manufacturing companies listed on the Indonesia Stock Exchange from 2018 to 2022. The findings revealed that leverage independence, the presence of branches of the big 4 public accounting firms, and profitability negatively impacted audit report lag, while company size did not significantly affect it.

Hendi and Sitorus (2023) investigated the impact of company and audit characteristics on the delay of audit reports in Indonesia. They employed a panel regression analysis methodology, analyzing data from 115 Indonesian companies listed on the Indonesia Stock Exchange from 2017 to 2021. The study concluded that various company characteristics influenced the timeliness of audit reports. Specifically, larger audit complexity, firm size, and debt-equity ratios were associated with shorter audit delays, while negative profits and ownership concentration led to longer delays.

Nerantzidis et al. (2023) examined the influence of audit committee characteristics on audit report lag within the context of an emerging market, Greece. Their study utilized data collected from annual reports of 130 firms listed on the Athens Stock Exchange. Employing multiple regression analysis, the researchers identified and explained the associations between audit committee features and audit report lag. Their findings revealed that audit committee diligence was linked to shorter audit report lag, even when subjected to various alternative benchmark tests that controlled for different proxies and transformations of audit report lag.
Mustapha et al. (2022) assessed the factors influencing the timeliness of audit reports in listed industrial firms in Nigeria. The study focused on a population of 14 listed industrial firms, making use of comprehensive data availability within the study period. Data spanning 7 years (2012-2018) from the Nigerian Stock Exchange (NSE) were collected from secondary sources. Multiple regression analysis employing the Random Effects Model was utilized for data analysis. The results indicated that Audit Firm Size, Company Size, and Board Size had significant effects on timeliness, while Board Independence had an insignificant effect on timeliness. The study concluded that as the size of the audit firm increased, the timeliness of audit reports also increased.

Adela and Badera (2022) aimed to determine the impact of company size, profitability, audit opinion, and the reputation of the Public Accounting Firm on audit delay in agricultural sector companies listed on the Indonesia Stock Exchange during the period 2014-2019. Multiple linear regression analysis was used for analysis. The findings revealed that company size had a negative and significant effect on audit delay disclosure, profitability had a negative and significant effect on audit delay disclosure, audit opinion did not affect audit delay disclosure, and the reputation of the Public Accounting Firm had no effect on the disclosure of audit delay.

Handoko et al. (2022) investigated the influence of company size, auditor size (Public Accounting Firm size), and profitability on audit delay. The study's population consisted of all LQ 45 companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2019, with a sample of 17 companies. Descriptive statistical analysis and multiple linear regression analysis, along with classical assumption tests, were employed in the research. The results indicated that firm size had a significant positive effect on audit delay, while profitability had a negative and significant effect on audit delay. In contrast, the auditor size variable had no effect on audit delay, suggesting that all three variables (firm size, auditor size, and profitability) influenced audit delay.

Dianova et al. (2021) investigated the impact of stock leverage, profitability, and the audit committee on audit report lag, considering the moderating variable of Public Accounting Firm (KAP) reputation. The research focused on mining companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2018, with a sample of 69 companies selected through purposive sampling. Multiple linear regression analysis and statistics were used for data analysis. The results revealed that neither leverage nor profitability influenced audit delay. Additionally, KAP's reputation did not moderate the effects of leverage, profitability, and the audit committee on audit delay, although the audit committee exhibited a negative influence on audit delay.

Yulianto (2021) examined the effects of company size, auditor size, and profitability on audit delay, utilizing a sample of all 45 companies listed on the Indonesia Stock Exchange (IDX) from 2016 to 2019, comprising 17 companies. The study employed descriptive statistical analysis and multiple linear regression analysis along with three classical assumption tests. The findings indicated that firm size had a significant positive effect on audit delay, while profitability had a negative and significant effect on audit delay. However, the auditor size variable did not influence audit delay, implying that all three variables (firm size, auditor size, and profitability) collectively affected audit delay.

Chalu (2021) investigated the impact of auditing characteristics on audit report lag within African Central Banks. The research analyzed data from 192 observations, focusing on financial reports from African Central Banks spanning from 2000 to 2016. Path analysis was utilized to explore the determinants of audit report lag in Sub-Saharan African Central Banks. The study examined variables such as audit committee size, governor duality, board size, and board gender. The results revealed that board characteristics, governor duality, and audit committee size positively influenced audit report lag, while audit mandate had a negative influence on audit quality within Central Banks.

Efrizal et al. (2021) ascertained the characteristics of the audit committee that affect the timeliness of audit reports in Indonesia. The study employed 240 observations from 48 manufacturing companies listed on the Indonesian Stock Exchange (IDX) between 2014 and

2019 as its sample. Logit regression analysis was applied to investigate the relationship between the audit committee (AC) and reporting quality, represented by reporting timeliness, in the Indonesian context. Findings indicated that AC size and financial expertise did not significantly impact audit report timeliness, while meeting frequency had a significant effect on it.

Siyanbola et al. (2020) undertook a study focusing on firms' attributes and auditors' reporting lag within Nigerian deposit money banks. The research selected 10 listed banks purposively based on size for analysis from 2008 to 2017. It employed the dynamic generalized method of moments, involving fixed effects, to explore the effects of firms' attributes on auditors' reporting lag. The study used an ex-post facto design. The findings indicated that Age had a significant positive effect on the auditors' reporting lag of the sampled banks, while size did not exert a significant positive effect. Profitability, however, was found to have a negative but nonsignificant impact on auditors' reporting lag.

Mohammed et al. (2020) examined the relationship between audit committee chair attributes and audit report lag in the emerging market of Malaysia. The research analyzed a sample of 139 companies in the Main Market of Bursa Malaysia in 2015. Pearson Product Moment Correlation Coefficient and regression analysis were employed. The results showed that audit committee (AC) size, frequency of AC meetings, firm size, leverage, and profitability exhibited significant relationships with audit report lag.

Lai et al. (2020) investigated determinants affecting delays in signing audit reports in Vietnam. Audit delay was measured by the number of days elapsed from the accounting period's end until the audit report's signing date. The study utilized a sample of 142 foreign direct investment (FDI) firms in Vietnam from 2019. Linear regression analysis was employed to model audit delay based on explanatory variables including firm size, audit firm type, sign of income, audit opinion, and leverage. The findings indicated that firms reporting net income, possessing standard audit opinions, and being larger in size tended to release their audited financial statements earlier. Variables such as auditor firm and leverage showed no significant relationship with audit delay.

Appah et al. (2020) explored the impact of Audit Committee Attributes on the Reporting Lag of Listed Consumer Goods Firms in Nigeria. The study collected data from the annual reports of thirteen consumer goods companies listed on the Nigerian Stock Exchange during the period from 2013 to 2017. It employed auto regressive distributive lag and regression estimation analysis to examine the effects of audit committee attributes on audit report lag among listed consumer goods firms in Nigeria. Using a panel research design, the study considered variables such as audit committee size, audit committee expertise, board size, and leverage. The findings revealed a positive relationship between audit committee size, audit committee expertise, audit committee meetings, leverage, and audit report lag. In contrast, a negative relationship existed between audit committee independence, board size, and audit report lag among listed companies in Nigeria.

Bahri and Amnia (2020) investigated the impact of company size, profitability, solvency, and audit opinion on audit delay. Their study focused on LQ-45 companies listed on the Indonesia Stock Exchange for the years 2017-2018, with a sample size of 31 companies. Quantitative secondary data was utilized and subjected to descriptive statistical analysis, classical assumption testing, multiple linear regression analysis, coefficient of determination R^2, and t-tests. The results indicated that the solvency variable significantly influenced audit delay (p-value = 0.000). Conversely, the firm size variable had no significant impact on audit delay (p-value = 0.490), and the profitability variable did not affect audit delay significantly (p-value = 0.098). Likewise, the audit opinion variable showed no significant effect on audit delay (p-value = 0.313).

Ayemere and Afensimi (2020) examined the influence of corporate attributes on audit delay in Nigerian emerging markets. Their study employed a cross-sectional research design, utilizing a sample of thirty-seven companies over a seven-year period (2005 to 2012) through simple random sampling. Panel regression analysis was applied to explore the determinants of audit report lag in the Nigerian context, considering variables such as Audit delay, leverage, return on equity, audit firm size, and company size. The results revealed that company size did not significantly affect audit delay, financial performance had a significant impact on audit delay, audit firm type significantly influenced audit delay, leverage had no significant impact on audit delay, the number of subsidiaries significantly affected audit delay, and financial year-end had no significant impact on audit delay.

Mohamad-Nor et al. (2020) explored the relationship between corporate governance and audit report lag in Malaysia. Their study examined variables including board size, board independence, CEO duality, audit committee size, independence, expertise, and diligence. Multivariate analysis was conducted using 628 annual reports for the year ended 2002, focusing on audit report lag in Malaysian public listed companies following the implementation of the Malaysian Code on Corporate Governance in 2001. The study utilized correlational analysis to investigate these relationships. The findings revealed a negative relationship between audit committee independence and audit report lag, while a positive relationship existed between CEO duality and audit report lag.

Eze et al. (2020) assessed the relationship between corporate governance and the timeliness of audited reports among quoted companies in Nigeria. Their study encompassed all quoted companies listed on the Nigerian Stock Exchange, employing an ex-post facto and longitudinal research design. Secondary data were collected from published financial statements, focusing on compliance as of March 31, 2018, issued by the Nigerian Stock Exchange. Hypotheses were formulated and tested using a regression model to explore the relationship between corporate governance and the timeliness of audited reports for companies listed on the Nigerian stock exchange. The findings revealed that both independent non-executive directors on the board and the financial expertise of the audit committee had a significant positive impact on the timeliness of audited reports for these companies.

Ogoun et al. (2020) sought to determine the influence of audit committee attributes on the audit report lag of quoted industrial companies in Nigeria. Employing an ex-post facto research design, the study collected secondary data from the NSE factbook and financial reports published by selected quoted companies over an eight-year period spanning from 2012 to 2019. Descriptive statistics, Ordinary Least Square (OLS), and the Hausman test were employed for data analysis to investigate the relationship between audit committee attributes and audit report lag among quoted industrial firms in Nigeria. The study observed that the audit committee as a whole did not necessarily expedite the release of audited annual financials for firms in this sector.

Asuzu et al. (2020) examined the impact of managerial stock ownership and audit fees on the audit report lag of Nigerian manufacturing firms. Using an ex-post facto research design, the study utilized panel data from thirty-nine quoted manufacturing firms in conglomerates, consumer goods, and industrial goods sectors, spanning from 2011 to 2019 financial years. The study concluded that there exists a significant interaction among managerial ownership, audit fees, and audit report lag.

Isyaku (2020) sought to ascertain the influence of auditor attributes on audit reporting lag, drawing empirical evidence from Nigerian service firms. Employing ex-post-facto and correlational research designs, the study sampled sixteen (16) service companies listed on the Nigerian stock exchange during the period from 2007 through 2016. Regression analysis was utilized to demonstrate that longer auditor tenure significantly decreases audit report lag. The study also revealed that audit firm type significantly impacts audit delay, while leverage has no significant effect on audit delay.

Khadijah and Jamiu (2020) investigated audit reporting lag and regulatory compliance within listed financial services firms in Nigeria. Employing an ex-post facto research design, the researchers collected secondary data spanning from 2012 to 2018, sourced from the annual reports of a filtered population of forty-two (42) firms across four sub-sectors within the financial services industry. Regression analysis was employed to test a single objective and hypothesis. The study's findings indicated that there was no significant difference in audit reporting lag among the sub-sectors of the financial services industry in Nigeria, while there was a significant difference in audit reporting lag among these sub-sectors.

Kusin and Kadri (2020) ascertained the determinants of audit report lag, focusing on the influence of corporate governance within listed companies in the Malaysian construction industry. Employing a quantitative research design, the study analyzed a sample of 138 Malaysian listed companies from Bursa Malaysia, spanning the period from 2015 to 2017. Regression analysis was conducted to investigate the relationship between corporate governance attributes and audit report lag. The study's findings revealed that board size, board diversity, and auditor type exhibited significant relationships with audit report lag, while board meetings, CEO duality, and audit committee size did not demonstrate a significant relationship with audit report lag.

Odjaremu and Edirin (2019) explored the impact of audit committees on the timeliness of reporting among listed firms in Nigeria. The study employed an ex-post facto research design and gathered firm-level secondary data from the financial reports of 21 randomly selected firms over a six-year period (2012–2017). The variables under scrutiny included reporting timeliness, audit committee size, audit committee independence, audit committee diligence, and external audit expertise. The findings indicated that attributes of the audit committee, as measured by size, independence, and diligence, significantly influenced the timeliness of financial reporting among Nigerian firms.

Akingunola et al. (2018) sought to understand the impact of Client Attributes on Audit Report Lag in Nigeria. Their research focused on a sample of sixty firms studied over the period from 2008 to 2011. Using OLS regression analysis, they examined the influence of client attributes on the audit report lag of listed firms in Nigeria during the years 2010 to 2015. Their findings revealed that total assets and company age had a significant impact on audit report lag in

Nigeria, while firm size did not exhibit a significant relationship with audit report lag in the Nigerian context.

Mensah (2018) investigated the influence of corporate governance attributes and financial reporting lag on corporate financial performance. The study considered variables such as Board independence, institutional ownership, firm size, leverage, board size, board gender diversity, and liquidity. Mensah analyzed 90 firm-year data spanning from 2012 to 2014 for firms listed on the GSE (Ghana Stock Exchange). Utilizing descriptive analysis and regression, the study explored selected corporate governance attributes and their impact on financial reporting lag and, subsequently, financial performance among listed firms in Ghana. The findings pointed to a statistically significant negative relationship between financial reporting lag and firm performance.

Azubike and Aggreh (2018) determined the effects of corporate governance on audit delay within Nigerian quoted companies. Their data was sourced from the annual reports of manufacturing companies listed on the Nigerian stock exchange for the years 2010 to 2012. Employing a cross-sectional research design and relying heavily on secondary data, the study aimed to investigate the determinants of audit report timeliness in Nigeria. Their findings indicated that there was a significant relationship between board size and audit report lag, a significant relationship between board independence and audit report lag, and a non-significant relationship between audit firm type and audit report lag.

Putra, Sutrisno, and Endang (2017) investigated the impact of Audit Committee Attributes on Audit Report Lag, focusing on mining companies listed on the Indonesian Stock Exchange. Their sample consisted of 84 mining companies listed during the years 2013 to 2015. They employed a Variance-based Structural Equation Model (SEM-PLS) to analyze the influence of audit committee attributes and company contingencies on audit report lag. The variables studied included Audit committee independence, audit committee meetings, audit financial expertise, and firm size. The results revealed that audit committees had a negative impact on audit report lag, while contingency factors had a positive influence on audit report lag.

Oseghale and Akhor (2017) investigated audit committee attributes and financial reporting lag within the Nigerian banking sector. They employed a quantitative and longitudinal research design, collecting secondary data from quoted banks on the Nigeria Stock Exchange over a five-year period, spanning from 2011 to 2015. Their study aimed to establish significant relationships between audit committee attributes and financial reporting lag in the

Nigerian banking sector. The variables considered were financial reporting lag, audit committee independence, audit committee gender, bank size, and audit committee meetings. Their findings indicated a significant relationship between audit committee independence and financial reporting lag, while audit committee meetings and audit committee gender showed no significant relationship with financial reporting lag.

Ahmeda and Ayoib (2016) investigated the influence of board size, board committee characteristics, and audit quality on audit report lags in Nigeria. Their study involved a sample of 14 banks, spanning a five-year period from 2008 to 2012. The robust OLS model used in the study revealed several key findings: First, audit quality, as represented by the Big 4 firms, significantly impacted Audit Report Lag (ARL). Second, board size, board meetings, total assets, and board gender exhibited significant positive associations with ARL. Third, audit committee size, risk management committee size, and board expertise demonstrated significant negative associations with ARL.

Ahmet et al. (2015) assessed the impact of corporate governance attributes on audit report lag in corporate firms in Turkey. They analyzed a sample of 30 companies listed on the Istanbul Stock Exchange (BIST). Employing a system dynamic panel method, their study investigated the effects of corporate governance behaviors on audit report lag. Their results indicated that there was no significant relationship found between corporate governance dimensions and audit report lag.

Afensimi (2015) examined how corporate attributes influenced audit delay in Nigerian emerging markets using a cross-sectional research design. Data were sourced from the annual reports of all financial companies quoted on the Nigerian stock exchange. Panel data estimation techniques, including pooled, fixed, and random effects regression, were used for data analysis. The findings revealed several insights: Company size did not have a significant positive impact on audit delay, while firm's financial performance had a significant impact on audit delay. Additionally, leverage did not have a significant impact on audit delay, but the number of subsidiaries had a significant impact on audit delay.

Ilaboya and Iyafekhie (2014) explored the relationship between corporate governance and audit report lag in Nigeria using time series and cross-sectional survey data spanning a five-year period from 2007 to 2011. Their study encompassed 120 listed corporate organizations in the manufacturing sector of the Nigerian Stock Exchange, with a sample of 40 firms selected. They examined the effect of board size, board independence, audit firm type, audit committee size, audit committee independence, and firm size on audit report lag. Regression analysis validated their hypotheses, revealing that board size, audit firm type, and firm size had a significant effect on audit report lag, while board independence and audit committee size did not exhibit a significant effect on audit report lag.

Apadore and Marjan (2013) examined the determinants of audit report lag in Malaysia, utilizing a sample of 180 companies listed on Bursa Malaysia for the years 2009 and 2010. Their empirical evidence, derived through regression analysis, shed light on variables strongly associated with audit report lag. The study considered ownership concentration, internal audit investment, board independence, audit committee independence, audit committee size, and profitability as variables of interest. Their findings indicated that audit committee size, ownership concentration, organization size, and profitability were significantly associated with audit report lag. However, audit committee independence, meetings, expertise, and types of auditors had an insignificant relationship with audit report lag.

Eghliaow (2013) investigated the factors influencing audit report delays in Libya, utilizing a survey research design. The study focused on variables such as company size, nature of company activity, company year-end, and profitability. Analysis of data from the Libyan Stock Market revealed that, on average, companies in Libya took approximately five and a half months (170 days) after their balance sheet date to release their audited accounts for the period 2008 to 2010. Regression analysis indicated that company size had a significant effect on audit delay, with larger companies in Libya experiencing longer audit delays compared to smaller firms.

Onwuchekwa (2013) examined audit report lag among companies listed on the Nigeria Stock Exchange, utilizing a sample of 60 firms spanning various industries for the period 2008 to 2011. The study considered variables including firm size, total assets, company age, and audit committee independence. The results of the regression analysis revealed that the age of a company and total assets significantly impacted audit report lag in Nigeria. However, firm size and firm switch showed no significant relationship with audit report lag in Nigerian companies.

Alkhatiba and Marjib (2012) explored the timeliness of audit reports in Jordan, employing a cross-sectional research design. Their study included a sample of 137 firms listed on the Jordanian Stock Exchange. They used a linear regression model to independently assess and express opinions on the financial statements presented in company annual reports. The

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findings indicated that several factors were correlated with audit timeliness: profitability ratio in the services sector, type of audit firm, and company size exhibited negative correlations with audit timeliness. Additionally, leverage was the only variable that showed a significant correlation with audit timeliness.

3. MATERIAL AND METHOD

The researchers employed an *ex-post facto* research design to examine the factors influencing audit report timeliness in listed consumer goods firms in Nigeria. This approach is chosen to investigate the cause-and-effect relationship between an independent variable and a dependent variable, even though the relationship is usually inferred due to the inability to fully control the independent variable (Kothari, 2004). The *ex-post facto* research design was employed because it allows for the comparison of two past events to assess whether the outcomes or dependent variables were influenced by the independent variables (Shepherd, 2017). In this study, the population under investigation was all the twenty-one (21) listed consumer goods firms in Nigeria. The study employed a judgmental sampling technique to determine the sample size. This approach was chosen based on the availability of data, and only firms with readily accessible data spanning from 2014 to 2023 were included in the sample. Firms that have not published their 2023 annual reports were also removed. **Appendix B** presents the list of the selected firms. For data collection, the study utilized the annual reports of the selected firms spanning from 2014 to 2023 as secondary data sources. The data sought pertains to firm size, profitability, leverage, and audit report timeliness. The selection of this secondary data collection method was based on the fact that the financial statements have undergone external auditing, which enhances their validity and reliability.

To analyze the gathered data, various statistical methods were employed. These methods include calculating the mean (a measure of central tendency), as well as assessing dispersion through measures such as the standard deviation and range. Furthermore, the study employed the panel data regression technique using Eviews 10 to test the hypotheses. The mean was used to determine the average value of the collected data, providing a measure of central tendency. Meanwhile, the standard deviation was employed as a measure of dispersion, helping to gauge the extent to which the data deviates from the mean. Additionally, the panel data regression technique was applied to explore the relationship between selected firm attributes and audit report timeliness. This technique facilitated the testing of the study's hypothesis, specifically assessing how firm profitability, leverage, and size influence audit report timeliness.

For the purpose of model estimation, the linear model used in the study was adopted without modification from the study by Siyanbola et al. (2020):

AUD = f(FPR + FSZ + FLE)……......…………………………………………eqn (i)

The above equation is shown as an econometric model as follows:

$AURT_{it} = a_0 + b_1FPR_{it} + b_2FSZ_{it} + b_3FLE_{it} + e_{it}$………………………………..eqn (ii)

Where,

$AURT_{it}$ = Audit report timeliness for firm i in period t.

FPR_{it} = Firm Profitability for firm i in period t

FSZ_{it} = Firm Size for firm i in period t

FLE_{it} = Firm Leverage for firm i in period t

e_{it} = error term for firm i in period t.

a_0 = constant.

$b_{1\text{-}3}$ = coefficient of the predictor

Table 1 Operationalization of Variables

Variable	Type of Variables	Measurement
Audit report timeliness	Dependent	The duration in days between the client's fiscal year-end and the date when the audited reports are officially signed.
Firm Profitability	Independent	$\frac{Net\ Profit}{Total\ Asset}$
Firm Size	Independent	Natural Logarithm of Total Assets
Firm Leverage	Independent	$\frac{Total\ Liabilities}{Total\ Assets}$

Source: Researcher's Compilation, 2024

The decision rule for this study was based on the results of the statistical analysis, with a significance level of 0.05. If the p-value is less than 0.05, the null hypothesis is rejected, indicating that there is a significant effect of firm profitability, firm size or firm leverage on the audit report timeliness of listed consumer goods firms in Nigeria. However, if the p-value is greater than 0.05, the null hypothesis is accepted, indicating that there is no significant effect of firm profitability, firm size or firm leverage on the audit report timeliness of listed consumer goods firms in Nigeria.

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4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Analysis

Table 2 Descriptive Analysis

	AURT (in days)	FPR	FSZ	FLE
Mean	77.67500	0.031979	7.616788	1.467169
Median	77.00000	0.033089	7.806672	0.625937
Maximum	180.0000	5.816481	8.901636	20.01988
Minimum	27.00000	-3.012121	4.758056	0.193620
Std. Dev.	24.41325	0.571177	0.929945	3.488046
Skewness	0.974588	5.073280	-1.293238	4.111197
Kurtosis	5.292887	73.74951	4.648618	19.01657
Jarque-Bera	60.37743	34056.31	62.71870	2160.922
Probability	0.000000	0.000000	0.000000	0.000000
Sum	12428.00	5.116567	1218.686	234.7470
Sum Sq. Dev.	94765.10	51.87261	137.5029	1934.468
Observations	160	160	160	160

Source: Eviews 10 Output (2024)

The average audit report timeliness (AURT) among the listed consumer goods firms in Nigeria is approximately 77.68 days, indicating that it generally takes this duration from the fiscal year-end to the official signing of the audited reports. The maximum delay observed is 180 days, while the minimum is 27 days, suggesting a wide variation in audit report timeliness among firms. The standard deviation of 24.41 days reflects a substantial dispersion around the mean, indicating inconsistency in the audit completion times. The skewness of 0.97 signifies a positive skew, meaning more firms tend to have audit report timelines slightly longer than the average. The kurtosis value of 5.29 indicates a leptokurtic distribution, showing a higher peak and fatter tails than a normal distribution, which means there are more extreme values in audit report timeliness.

Firm profitability (FPR), measured as the ratio of net profit to total assets, has an average value of 0.032, indicating that the firms, on average, generate a return of about 3.2% on their assets. The maximum profitability observed is 5.82, while the minimum is -3.01, suggesting that some firms are experiencing losses while others are highly profitable. The standard

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deviation of 0.57 reflects significant variability in profitability among the firms. The skewness of 5.07 reveals a strong positive skew, indicating that a majority of the firms have profitability levels below the mean, with a few firms having exceptionally high profitability. The extremely high kurtosis value of 73.75 suggests a distribution with very sharp peaks and long tails, implying that extreme profitability values are more frequent than in a normal distribution.

The average firm size (FSZ), measured as the natural logarithm of total assets, is 7.62, suggesting that the typical firm in the sample has substantial asset holdings. The maximum firm size recorded is 8.90, and the minimum is 4.76, indicating a considerable range in the size of these firms. The standard deviation of 0.93 shows moderate variability in firm size. The skewness of -1.29 indicates a negative skew, meaning that the distribution of firm sizes has a longer left tail with more firms smaller than the average. The kurtosis of 4.65 suggests a leptokurtic distribution, indicating that the firm sizes are more peaked with more extreme values than in a normal distribution.

Firm leverage (FLE), defined as the ratio of total liabilities to total assets, has an average value of 1.47, indicating that on average, the firms have liabilities exceeding their assets, implying high leverage. The maximum leverage observed is 20.02, and the minimum is 0.19, indicating substantial variation in leverage among the firms. The standard deviation of 3.49 indicates a high level of dispersion around the mean. The skewness of 4.11 reveals a strong positive skew, suggesting that most firms have leverage levels lower than the mean, with a few firms having extremely high leverage. The kurtosis of 19.02 indicates a highly leptokurtic distribution, showing that extreme leverage values are much more frequent than in a normal distribution, with significant peaks and long tails.

4.1.2 Multicollinearity Test

A multicollinearity test assesses the degree of correlation among independent variables in a regression model to ensure that they do not excessively overlap, which can distort the results. The Variance Inflation Factor (VIF) was used in this test as shown in Table 3.

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Table 3 Multicollinearity Test

Variance Inflation Factors

Date: 06/26/24 Time: 02:54

Sample: 1 160

Included observations: 160

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
FPR	11.75333	1.033195	1.029946
FSZ	8.682725	138.1724	2.016896
FLE	0.618170	2.379828	2.020158
C	544.6738	147.2218	NA

Source: Eviews 10 Output (2024)

The multicollinearity test results, as indicated by the Variance Inflation Factors (VIF), shows the degree of collinearity among the independent variables in the study. For firm profitability (FPR), the VIF is 1.03, which is close to 1. This low value suggests that there is minimal correlation between FPR and the other independent variables, indicating that multicollinearity is not a concern for this variable. It implies that firm profitability can be reliably included in the regression model without causing significant issues related to multicollinearity.

For firm size (FSZ) and firm leverage (FLE), the VIF values are 2.02 and 2.02 respectively. These values are above 1 but below the commonly accepted threshold of 10, suggesting that while there is some correlation between these variables and others in the model, it is not strong enough to pose serious multicollinearity issues. The VIF values for FSZ and FLE indicate a moderate level of multicollinearity, but they are still within acceptable limits, ensuring that the estimates of the regression coefficients are stable and reliable.

4.1.3 Cross-sectional Dependence Test

A cross-sectional dependence test evaluates whether the residuals of a regression model are correlated across different cross-sectional units, which can affect the efficiency and consistency of the estimated coefficients. This condition was tested in this study using Breusch-Pagan LM as shown in Table 4 below.

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Table 4 Cross-sectional Dependence Test

Residual Cross-Section Dependence Test

Null hypothesis: No cross-section dependence (correlation) in residuals

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	160.7713	120	0.0077
Pesaran scaled LM	2.631774		0.0085
Pesaran CD	2.022003		0.0432

Source: Eviews 10 Output (2024)

The Breusch-Pagan LM test results (as presented in Table 4) for cross-sectional dependence show a probability value (Prob.) of 0.0077. This low p-value indicates that there is significant evidence to reject the null hypothesis of no cross-sectional dependence at 5% significance level. In other words, the residuals of the regression model are correlated across the different cross-sectional units, suggesting the presence of cross-sectional dependence among the listed consumer goods firms in Nigeria. The presence of cross-sectional dependence implies that shocks or influences (such as economic downturns, regulatory changes, or industry-wide technological advancements), affecting one firm may similarly impact other firms, which needs to be accounted for in the regression analysis to avoid biased results. Addressing cross-sectional dependence is essential for improving the reliability of the model's estimates. We therefore implemented panel estimated generalized least squares (EGLS) that can correct for this issue. More also, the panel EGLS incorporated cross-section weights in order to take care of the cross-sectional dependence observed.

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4.2 Test of Hypotheses

The output of the panel EGLS conducted is shown in Table 5 below.

Table 5 Panel Regression Output

Dependent Variable: AURT

Method: Panel EGLS (Cross-section weights)

Date: 06/26/24 Time: 03:00

Sample: 2014 2023

Periods included: 10

Cross-sections included: 16

Total panel (balanced) observations: 160

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FPR	6.041910	1.717109	3.518652	0.0006
FSZ	1.435872	2.154524	0.666445	0.5061
FLE	0.144929	0.482749	0.300216	0.7644
C	66.12158	16.80194	3.935354	0.0001
	Weighted Statistics			
R-squared	0.085665	Mean dependent var		113.5866
Adjusted R-squared	0.068082	S.D. dependent var		75.19322
S.E. of regression	24.32470	Sum squared resid		92303.83
F-statistic	4.871933	Durbin-Watson stat		1.203945
Prob(F-statistic)	0.002884			

Source: Eviews Output (2024)

The panel regression analysis aimed to investigate the effect of firm attributes on audit report timeliness (AURT) among listed consumer goods firms in Nigeria, with a specific focus on firm profitability, firm size, and firm leverage. The method employed was the Panel EGLS (Cross-section weights), which helps in accounting for cross-sectional heterogeneity and potential dependencies among the firms.

The adjusted R-squared value of 0.068082 suggests that approximately 6.81% of the variation in audit report timeliness can be explained by the independent variables (firm profitability, firm size, and firm leverage) included in the model. While this indicates a relatively modest explanatory power, it is important to note that audit report timeliness can be influenced by a wide array of factors beyond firm attributes. The Prob(F-statistic) value of 0.002884 is highly significant, indicating that the overall regression model is statistically significant. This implies that, collectively, the firm attributes considered in the study have a significant impact on the timeliness of audit reports among the listed consumer goods firms in Nigeria.

4.2.1 Hypothesis I

H_{01}: Firm profitability has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

The coefficient of 6.04 for firm profitability (FPR) suggests that there is a negative relationship between firm profitability and audit report timeliness. This means that as firm profitability increases, the time taken to issue an audit report also increases. The p-value of 0.00 is less than the significance level of 0.05, indicating that this relationship is statistically significant. Therefore, we accept the alternate hypothesis that firm profitability has a significant negative effect on audit report timeliness among listed consumer goods firms in Nigeria ($p\text{-value} < 0.05$).

The study found that firm profitability positively increases the number of days it takes to produce the annual report. In other words, higher firm profitability negatively affects audit report timeliness among listed consumer goods firms in Nigeria. In other words, more profitable firms tend to take longer to complete their audit reports. This can be attributed to the complexity and volume of financial transactions in profitable firms, which require more detailed and extensive auditing procedures. Additionally, auditors may perform more thorough checks on these firms due to the higher financial stakes involved. Studies generally show mixed results regarding the impact of profitability on audit report timeliness. While some studies (e.g., Trisnadewi et al., 2023; Mohammed et al., 2020) suggest that higher profitability tends to lead to quicker audit report completion, others (e.g., Leditho et al., 2023; Chalu, 2021) found no significant effect or even a negative impact on audit delay. This variation may stem from differences in industry contexts, regulatory environments, and the complexity of financial operations associated with profitability. This result suggests that more profitable firms experience longer delays in their audit processes. One possible explanation for this finding is that profitable firms might have more complex financial structures or greater volumes of transactions, which can complicate the audit process and contribute to delays.

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Additionally, the urgency to ensure accurate reporting of substantial profits might lead to more thorough but time-consuming audits. Supporting this view, Trisnadewi et al. (2023) also found that profitability had a significant negative effect on audit delay, suggesting that the complexity associated with high profitability can indeed result in longer audit durations. Conversely, Leditho et al. (2023) found no significant impact of profitability on audit delay, which might be attributed to differences in market conditions or firm characteristics across different regions.

4.2.2 Hypothesis II

H_{02}: Firm size has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

The coefficient of 1.435872 for firm size (FSZ) indicates a negative relationship between firm size and audit report timeliness, suggesting that larger firms tend to take longer to issue their audit reports. However, the p-value of 0.5061 is much greater than the significance level of 0.05, indicating that this relationship is not statistically significant. Thus, we accept the null hypothesis that firm size has a non-significant negative effect on the audit report timeliness among listed consumer goods firms in Nigeria (p-value = 0.5061).

The result of the study also found that larger firm size negatively but insignificantly affects the timeliness of audit reports, meaning that larger firms generally take more time to complete their audits. Larger firms often have more complex organizational structures, diverse operations, and extensive financial records, all of which contribute to lengthier audit processes. The broader scope of auditing in these firms requires more time for auditors to ensure comprehensive coverage and accuracy. The majority of studies indicate that larger firms tend to experience longer audit report lags (e.g., Handoko et al., 2022; Yulianto, 2021), potentially due to the scale and complexity of their operations requiring more extensive auditing processes. However, there are exceptions where firm size has been linked to shorter audit delays (e.g., Hendi and Sitorus, 2023), often attributed to better resource allocation and more robust internal control frameworks in larger organizations. This indicates that firm size does not significantly impact the timeliness of audit reports, contrary to expectations. Larger firms might have more extensive operations and resources, which could facilitate quicker audits if managed effectively. However, the complexity and increased volume of transactions in larger firms might also lead to longer audit times. This finding aligns with Ishak (2023), who also observed that company size did not significantly affect audit report lag in the

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Indonesian manufacturing sector. On the other hand, Handoko et al. (2022) found that firm size had a significant positive effect on audit delay, suggesting that the relationship between firm size and audit timeliness can vary depending on specific operational and regulatory contexts.

4.2.3 Hypothesis III

H_{03}: Firm leverage has no significant effect on audit report timeliness among listed consumer goods firms in Nigeria.

The coefficient of 0.144929 for firm leverage (FLE) also indicates a negative relationship, suggesting that higher leverage (i.e., more debt relative to asset) is associated with longer audit report timeliness. However, the p-value of 0.7644 is much greater than 0.05, indicating that this relationship is not statistically significant. Therefore, we accept the null hypothesis that firm leverage has a non-significant negative effect on the audit report timeliness timeliness among listed consumer goods firms in Nigeria (p-value = 0.7644).

The study further revealed that higher firm leverage negatively affects audit report timeliness, indicating that firms with greater leverage tend to have longer audit processes. High leverage often necessitates more rigorous scrutiny by auditors to assess the firm's financial health and its ability to meet debt obligations. This increased scrutiny can extend the time needed to complete the audit. Findings regarding the impact of leverage on audit report timeliness are less conclusive. Some studies (e.g., Ishak, 2023; Siyanbola et al., 2020) suggest that higher leverage may contribute to longer audit delays, possibly due to increased scrutiny and risk assessment by auditors. Conversely, other studies (e.g., Appah et al., 2020; Bahri and Amnia, 2020) find no significant relationship between leverage and audit report lag, indicating that its influence may vary depending on specific organizational contexts and industry dynamics. The lack of a significant effect could be because the level of leverage alone does not necessarily translate into increased complexity or additional requirements for the audit process. This finding is consistent with Dianova et al. (2021), who found that leverage did not influence audit delay among mining companies. However, Mohammed et al. (2020) reported significant relationships between leverage and audit report lag, indicating that in other contexts or industries, higher leverage might lead to delays due to increased scrutiny and risk management requirements.

CONCLUSION AND RECOMMENDATIONS

The timeliness of audit reports is a critical aspect of financial reporting that ensures stakeholders receive relevant and up-to-date information for decision-making. This makes the factors influencing the timeliness of audit reports to also be particularly important. This study examined how firm attributes such as profitability, size, and leverage affect the timeliness of audit reports. Contrary to expectations, higher profitability tends to prolong the time taken to finalize audit reports among these firms. Thus, increased profitability may lead to more extensive disclosures and detailed financial analyses, contributing to a longer audit cycle. Also, the level of debt in the firm's capital structure can affect audit report timeliness, although not significantly. Highly leveraged firms may have more complex financial arrangements that require additional audit scrutiny. Secondly, larger consumer goods firms may have more extensive operations and financial transactions, potentially leading to longer audit processes. However, only the effect of firm profitability was significant. In conclusion, the study shows that higher firm profitability, larger firm size, and greater firm leverage all negatively affect the timeliness of audit reports among listed consumer goods firms in Nigeria. By implication, it takes longer time to publish audit reports of consumer goods firms that have higher profits, more debts and more assets. These findings highlight the need for more efficient auditing processes to address the delays caused by these firm attributes. By adopting advanced technologies, improving internal audit practices, and maintaining transparent financial records, firms can enhance the speed and reliability of their audit reporting, ultimately benefiting all stakeholders and boosting market confidence. The study recommends the following:

Based on the findings, the study recommends that:

a. audit committees and financial managers should consider implementing streamlined auditing processes tailored to the specific complexities associated with profitable operations by enhancing communication channels between auditors and internal teams to expedite the review of financial statements and disclosures.
b. Since firm size impairs audit report timeliness, consumer goods firms should enhance audit preparedness by investing in scalable auditing technologies and developing comprehensive internal control frameworks. This strategic approach can help mitigate delays associated with audit complexities and ensure timely compliance with reporting deadlines.
c. Since higher debt levels mars audit report timeliness, regulatory authorities should foster industry-wide best practices for managing audit timelines, particularly for

leveraged consumer goods firms. Encourage transparency in financial reporting practices and provide guidance on balancing the complexities associated with leverage and audit compliance.

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APPENDICES

Appendix A: Population of the Study

1. Bua Foods Plc
2. Cadbury Nigeria Plc.
3. Champion Brew. Plc.
4. Dangote Sugar Refinery Plc
5. Dn Tyre and Rubber Plc
6. Flour Mills Nig. Plc.
7. Golden Guinea Brew. Plc.
8. Guinness Nig Plc
9. Honeywell Flour Mill Plc
10. International Breweries Plc.
11. Mcnichols Plc
12. Multi-Trex Integrated Foods Plc
13. N Nig. Flour Mills Plc.
14. Nascon Allied Industries Plc
15. Nestle Nigeria Plc.
16. Nigerian Brew. Plc.
17. Nigerian Enamelware Plc.
18. P Z Cussons Nigeria Plc.
19. Unilever Nigeria Plc.
20. Union Dicon Salt Plc.
21. Vitafoam Nig Plc.

Source: Nigerian Exchange Group (2024)

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Appendix B Sample Size

1. Northern Nig. Flour Mills Plc
2. Nascon Allied Industries Plc.
3. Nestle Nigeria Plc
4. Cadbury Nigeria Plc.
5. Champion Brewery Nig. Plc.
6. Dangote Sugar Refinery Plc.
7. Flour Mills Nig. Plc.
8. Guinness Nig. Plc
9. Honeywell Flour Mill Plc.
10. International Breweries Plc.
11. Nigerian Breweries Plc
12. Union Dicon
13. Nigerian Enamelware Plc
14. PZ Cussons Nigeria Plc.
15. Unilever Nigeria Plc.
16. Vitafoam Nigeria Plc.

Researchers' Compilations (2024)